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STANDING COMMITTEE ON POVERTY ALLEVIATION
Intergovernmental Group of Experts on Poverty Alleviation
Geneva, 24 January 1994
Item 5 of the provisional agenda

DRAFT REPORT OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON POVERTY ALLEVIATION

Held at the Palais des Nations, Geneva,
from 24 to 28 January 1994

Rapporteur: Mr. V. Skliarov (Russian Federation)

AGENDA ITEMS 1, 2, 3

Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments - to be submitted in English or French - should be communicated by Friday, 4 February 1994 at the latest to:

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INTRODUCTION

1. The Intergovernmental Group of Experts on Poverty Alleviation, established as part of the preparatory process in the work programme of the Standing Committee on Poverty Alleviation (TD/B/39(2)/13, TD/B/CN.2/5, Annex I) held its first session from 24 to 28 January 1994. In the course of the session, the Intergovernmental Group of Experts held .... plenary meetings.

Opening statements

2. **The Deputy to the Secretary-General of UNCTAD** emphasized the importance of the Group's role at a time when poverty remained a pervasive phenomenon. The burden of poverty was spread unevenly, not only among countries but within them, weighing most heavily on women, children and the rural population. Confronting this growing challenge was one of the most pressing tasks before the international community. Elimination of poverty had been set by the General Assembly as a priority objective for the 1990s. However, for three consecutive years the expansion of world output had fallen short of global population growth, raising the spectre of additional contraction of productive employment, erosion of welfare and continued marginalization of the vulnerable and weak. This made the task of alleviating poverty and promoting sustainable and equitable socioeconomic development even more onerous. The key was to mobilize and generate new resources at the community and local levels as well as at national and international levels. A supportive environment for poverty alleviation required simultaneous actions along three axes: (i) the design and implementation of appropriate macroeconomic and sectoral policies conducive to growth and the creation of productive employment benefiting the poor; (ii) delivery of social services for and to the poor (including, primary health care, basic education, nutrition, water supply and sanitation); and (iii) establishment of safety nets for the most vulnerable groups.

3. Within this overall strategy, priority had to be given to the design, sequencing and implementation of policies which would integrate the poor into productive activities, that is, make them active participants in the growth process itself. Effective programmes had to be demand driven. The poor should be encouraged to participate in the formulation and implementation of anti-poverty programmes at the community level. It was also essential to incorporate systematically a gender element, as women were more disadvantaged and vulnerable

than men but had the potential to make a greater contribution to poverty alleviation.

4. Clear answers were needed on several fronts. On the important question of safety nets, for example, their role within a country's overall development strategy merited careful consideration. Should they be permanent or transitional? Should they be used to transfer social benefits or only to provide emergency relief, bearing in mind that safety nets were vital to the well-being of many of the poor? Sustainable safety nets required adequate financing, however. This issue might be discussed alone or in the context of making resources available to the poor, including how to promote, facilitate and mobilize household savings and the efficient allocation of credit and credit access. Increased resources at the national level did not automatically mean increased flows of resources to the poor; fiscal measures to balance the budget might even restrict the distribution of income to them. Governments had to be vigilant so as to maintain the provision of basic health care and education at past levels at least. Cutbacks in social expenditures all too often had a disproportionate impact on the welfare of the rural poor, especially. Practical solutions to such problems were needed.

5. On the role of international support within the framework of an international partnership for the reduction and prevention of poverty, fruitful discussion might focus on ways to improve policy dialogue and devise modalities whereby aid programmes and projects could reach and truly help the poor.

6. Although the Group's principal mandate was to identify major issues to guide the debate during the second session of the Standing Committee in July, providing it with possible answers and practical recommendations, while identifying priority areas and modalities of support by donors, its agenda was also highly relevant to the core issues facing the 1995 World Summit for Social Development: namely, the problem of social integration, particularly of disadvantaged and marginalized groups; the alleviation of poverty; and the expansion of productive employment.

7. The **Chairperson** underlined the fact that the Standing Committee on Poverty Alleviation had been established as one of the innovative instruments for implementing the new partnership for development, launched in Cartagena at UNCTAD VIII. In line with this sense of partnership, in its deliberations the Group could concentrate not only on national efforts required to mobilize effectively domestic resources for poverty alleviation, but also on how international support should complement these efforts. While it was understood

that primary responsibility for fighting poverty and promoting social welfare lay at the national level, it was also recognized that national efforts could be enhanced by international cooperation, especially in the case of the least developed countries and other low-income countries. Both rich and poor alike had a stake in alleviating poverty, since the prevalence of this terrible scourge threatened social and political stability around the world and not just in the countries most affected.

8. Turning to the organization of the meeting, she suggested that the Group consider specifically the various forms of safety nets targeted to the poor, including those designed to cope with the adverse effects of adjustment reforms which many countries were now pursuing, and those intended to protect the most vulnerable of the poor from unforeseen calamities and external shocks. It would also be particularly helpful to hear about national experiences with social funds, a relatively new mechanism recently being tried in a few countries. Useful conclusions could surely be derived from all types of successful development experience.

Chapter I

EXCHANGE OF EXPERIENCES ON POVERTY REDUCTION IMPACTS OF SOCIAL FUNDS AND SAFETY NETS, INCLUDING MOBILIZATION OF DOMESTIC AND EXTERNAL RESOURCES FOR POVERTY ALLEVIATION

(a) SOCIAL FUNDS AND SAFETY NETS
(b) MOBILIZATION OF DOMESTIC RESOURCES FOR POVERTY ALLEVIATION
(c) MOBILIZATION OF EXTERNAL RESOURCES FOR POVERTY ALLEVIATION

(Agenda item 3)

9. For its consideration of this item, the Intergovernmental Group of Experts had before it the following documentation:

"Exchange of experiences on poverty reduction impacts of social funds and safety nets, including mobilization of domestic and external resources for poverty alleviation", issues note by the UNCTAD secretariat (TD/B/CN.2/GE.1/2)

"Recent developments in social funds and safety nets" (UNCTAD/PA/2); background document;

"Mobilization of domestic resources for poverty alleviation" (UNCTAD/PA/3); background document;

"Mobilization of external resources for poverty alleviation" (UNCTAD/PA/4); background document.

10. The representative of **Switzerland** expressed satisfaction with the documentation on this subject prepared by the UNCTAD secretariat and full support for the work at hand. While UNCTAD was the appropriate forum in which to discuss poverty alleviation, this subject would also form one of the core issues of the 1995 Summit on Social Development. Improvement of the quality of aid was a question that the Group could usefully take up. An important cause of poverty was the lack of power on the part of the poor, especially political power in the sense of access to productive resources: water, land, credit, social services. A more political approach should be pursued on various levels: at the level of political dialogue between donor and recipient countries; at the level of national policy on

agrarian reform, access to resources, human rights and fiscal equity; at the personal level, by encouraging an active rather than a passive role, with strategies to convert poverty into active self-development.

11. The representative of the **International Cooperative Alliance** (ICA), referring to the documents prepared by the UNCTAD secretariat, outlined aspects which would need to be highlighted, such as the important role played by the thrift and credit cooperative movement (also known as credit unions), as these had become successful non-bank financial institutions in the developing world. Their rise proved that the poor had both the capacity to save and to be credit-worthy. The practical experience in cooperative development showed that constraints - both external and internal - existed. However, the necessary changes were being actively pursued by Governments, development agencies and cooperatives alike. In Latin America and, particularly, Asia, cooperatives were expanding rapidly and proving beyond a doubt their ability to improve the economic and social condition of their members.

12. The representative of **Panama** emphasized the value of exchanges of national experience. He supported the view that for poverty alleviation there had to be commitment at the highest political level. Economic reform could not be separated from social reform. Community participation was needed to build confidence in government and for successful implementation of programmes for poverty alleviation. As good government was essential, efforts to strengthen democracy should emphasize clarity of policy. Despite sustained economic growth after World War II, there had been an increase in the incidence of poverty as economic growth was quite unevenly distributed. Debate should thus emphasize the development process, giving attention not so much to assistance programmes but rather to the positive results of community participation in stimulating members to play an active part in their own development.

13. The representative of **El Salvador** drew attention to the country's Social Investment Fund, set up in 1990 for a seven-year period. The Fund was aimed at addressing the problem of extreme poverty and there had been a sizeable number of beneficiaries. It was hoped that experiences of other countries in dealing with alleviation of poverty would help to throw light on viable solutions. Success hinged on an approach which would look after the needs and demands of the poorest while moving towards a participatory style of government, thus making the poor protagonists in their own development.

14. The representative of **Argentina** said that poverty was most acute in the context of hunger. He agreed that ways and means should be pursued to combine international cooperation with national efforts to promote the self-confidence and self-sufficiency of the poor. To this end, activities within the United Nations could concentrate on three main areas, namely: (a) elimination of hunger and extreme poverty through training of the poor for self-sufficiency; (b) better access to productive employment; and (3) strengthening the self-confidence of the poor in their own capacity to combat poverty.

15. The representative of **Guatemala** noted the reference made by the secretariat to his country's Social Investment Fund, and offered participants additional examples of efforts to alleviate poverty. In order to deal with the specific situation of structural adjustment following three decades of internal problems, the Government had set up the Fund for Peace with the help of international assistance. The object was to bring aid to the more than 40,000 people displaced as a result of the civil war, eventually including returning refugees. It covered housing, food, health care, and provision of primary tools. By having already in place a basic structure for relief, it was hoped that when a peace agreement was signed, the Fund could be immediately activated.

16. The representative of **Bangladesh** observed that despite the various measures taken, poverty had increased. The approaches to combating poverty suffered for being piecemeal and fragmented schemes rather than programmes systematically integrated into national development efforts. Poverty alleviation in both national and donor budgets should be earmarked for specific programmes where a concerted, clear-cut effort could be sustained. A propos of the statement by the representative of the International Cooperative Alliance, his country's experience with cooperatives had, on balance, been far from a happy one.

17. The representative of **Nepal** referred to his country's experience with poverty alleviation. As a landlocked country, mobilization of assistance to the poor was a matter of priority. The thrust was toward the rural population where most of the poor were concentrated. Nepal's Basic Needs Programme, launched five years ago for a planned duration of 15 years, had not been fully able to meet the rapidly rising expectations of the population since the democratic changes of recent years. As a result, a new poverty-oriented programme had recently been launched. There was a need for proper programme targeting, not only for stimulating economic growth which was quite low but also for educating the poor to make them more self-

sufficient. As Nepal was 90 per cent rural, support for poverty alleviation had to be coordinated at the right level.

18. The representative of the **International Trade Centre** (ITC/UNCTAD/GATT) pointed out that foreign trade could make a great contribution to growth and, under certain conditions, to poverty reduction as well. Most developing countries were characterized by low per capita incomes and - particularly the least developed countries - by small markets. ITC's poverty alleviation efforts had focused on rural areas where most of the poor were to be found and emphasized such concerns as production, employment and earnings. ITC pilot projects in the field followed the successful export production village concept. Social services, health care, potable water, education and improved housing were stressed. Through these projects, villagers had been helped to organize self-governed export companies. The assistance provided by ITC had been instrumental in developing production/supply of commercially viable goods for domestic and export markets; improved access to marketing channels and financing as well as training, capacity-building, coordination and implementation support.

19. The representative of the **United Nations Development Programme** (UNDP) pointed to new developments, noting that poverty itself was not a new phenomenon. UNDP had taken a three-fold approach to the problem. (a) Poverty was viewed as a product of the dysfunction of society, impeding sustained development. (b) The poor lacked economic, social, political and cultural entitlements. (c) Conventional development strategies were part of the problem, not the solution, because the patterns of growth which they fostered did little to help the poor. There was a need for a new development paradigm that was people-centred and which would empower the poor who were increasing in numbers. There were many obstacles to getting out of the poverty trap: lack of access to productive assets, information, credit technology, social services and political influence were coupled with social discrimination and lack of access to the social justice system. Social exclusion of the poor would be taken up at the Summit on Social Development in 1995 in the context of one of its three core issues dealing with social integration. Macroeconomic policy had to correct for imbalances between the economic and social thrust of adjustment programmes. UNDP stood ready to help countries to strengthen their human and institutional capacity-building.

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

20. The session was opened on Monday, 24 January 1994, by Mr. C. Fortin, Deputy to the Secretary-General of UNCTAD.

B. Election of officers

21. At its opening plenary, on 24 January 1994, the Intergovernmental Group of Experts elected Mrs. L. Sola de Saurel (El Salvador) as Chairman, Mr. M. Kummer (Switzerland) as Vice-Chairman, and Mr. V. Skliarov (Russian Federation) as Rapporteur.

C. Adoption of the agenda and organization of work

22. At its opening plenary, the Intergovernmental Group of Experts adopted its agenda (contained in TD/B/CN.2/GE.1/1) as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Exchange of experiences on poverty reduction impacts of social funds and safety nets, including mobilization of domestic and external resources for poverty alleviation:
   (a) Social funds and safety nets
   (b) Mobilization of domestic resources for poverty alleviation
   (c) Mobilization of external resources for poverty alleviation
4. Other business
5. Adoption of the report of the Intergovernmental Group of Experts to the Standing Committee on Poverty Alleviation.

D. Adoption of the report of the Intergovernmental Group of Experts to the Standing Committee on Poverty Alleviation

(Agenda item 5)

[To be completed]

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STANDING COMMITTEE ON POVERTY ALLEVIATION
Intergovernmental Group of Experts on
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Geneva, 24 January 1994
Agenda item 3

EXCHANGE OF EXPERIENCE ON POVERTY REDUCTION IMPACTS OF SOCIAL FUNDS AND SAFETY NETS, INCLUDING MOBILIZATION OF DOMESTIC AND EXTERNAL RESOURCES FOR POVERTY ALLEVIATION: (A) SOCIAL FUNDS AND SAFETY NETS; (B) MOBILIZATION OF DOMESTIC RESOURCES FOR POVERTY ALLEVIATION; (C) MOBILIZATION OF EXTERNAL RESOURCES FOR POVERTY ALLEVIATION

Action by the Intergovernmental Group of Experts

The Intergovernmental Group of Experts had been called upon to report to the second session of the Standing Committee on Poverty Alleviation (25 - 29 July 1994) on the poverty reduction impacts of social funds and safety nets and mobilisation of domestic and external resources for poverty alleviation. To fulfil this mandate, it took up examples of national experiences which were discussed in informal sessions guided by secretariat issues papers.